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July 30, 2008

Attn: Herschel McDivitt
Department of Natural Resources
Division of Oil and Gas
402 West Washington Street, Room W293
Indianapolis, Indiana 46204

RE: Noble Energy, Inc.
Sisal 1-18H: Section 18, Township 7 North, Range 8 West
Sullivan County, Indiana

Dear Herschel:

Please find enclosed a Petition for Exception to General Unit Size and Well Spacing Requirements pertaining to the above described drilling unit. Also attached is the pending GST Permit Application. Note that all of the land in the drilling unit is under lease to Noble Energy, Inc.

Thank you for your assistance with this matter.

Sincerely,



Karen J. Anspaugh

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**STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS**

IN RE: PETITION OF NOBLE ENERGY, INC., FOR AN EXCEPTION TO 312 IAC 16-5-1, THE GENERAL OIL AND GAS WELL SPACING RULES AND 312 IAC 16-5-2, THE GENERAL OIL AND GAS DRILLING UNIT SIZE RULES

PETITION

COMES NOW the Petitioner, Noble Energy, Inc., on behalf of itself and the owners of the leasehold interests set out herein, by attorney Karen J. Anspaugh, and respectfully shows the Commission of the Department of Natural Resources of the State of Indiana the following:

1. Petitioner owns or is the duly authorized representative of various interests, including working interests and royalty interests, in the oil and gas leaseholds covering all of the land known as the Sisal 1-18H Drilling Unit, described as follow (hereinafter referred to as "Affected Area"):
 - o The East Half of Section 18, Township 7 North, Range 8 West, Sullivan County, Indiana, containing 320.00 acres, more or less.

Attached hereto and incorporated herein are Exhibit "A," being a list of said leasehold interests, Exhibit "B," being a depiction of the well configuration and a map of the Affected Area.

2. As allowed by 312 IAC 16-5-3, Petitioner herein seeks an exception to 312 IAC 16-5-1, the General Oil and Gas Well Spacing Rules, and 312 IAC 16-5-2, the General Oil and Gas Drilling Unit Size Rules. The variances requested are within the scope of 312 IAC 16-5-3, which does not prescribe minimum distances allowed between wells or maximum acreage allowed in a drilling unit. Said variances are for the following described purposes:
 - a) To eliminate spacing restrictions applicable to the horizontal wells, except that the location where the well bore enters the New Albany Shale and all portions of the lateral located within said formation shall be drilled more than three hundred and thirty (330) feet from any unconsolidated property boundary;
 - b) To establish a drilling unit containing 320.00 acres, more or less, for horizontal drilling in the New Albany Shale formation in the Affected Area.
3. Petitioner herein respectfully submits to the Commission that said exceptions are supported by regional and geological characteristics and would allow the most efficient and economic recovery of natural gas:

- a) Application of the Non-Rule Policy, published in Department of Natural Resources Information Bulletin #58, would establish a drilling unit comprised of the Northeast Quarter of Section 18, Township 7 North, Range 8 West and the West Half of the Southeast Quarter of said Section 18, containing together 240 acres, more or less;
 - b) Pursuant to application of the Non-Rule Policy, placing additional wells on the East Half of the Southeast Quarter of Section 18, Township 7 North, Range 8 West would be impractical and uneconomical. Accordingly, the correlative rights of the landowners in said areas would not be protected and they would receive no production revenue;
 - c) During drilling and initial testing in and near the Affected Area, commercial quantities of natural gas were encountered within the New Albany Shale;
 - d) Permeability within the New Albany Shale is low and the use of horizontal wells is expected to more economically keep pace with volume requirements at the Affected Area natural gas processing facilities;
 - e) Drilling horizontal wells will enhance gas recovery within the New Albany Shale by cutting across existing fracture patterns within the formation which are often more vertical than horizontal in nature, thereby facilitating the flow of gas from the shale, to the fractures, to the well bores;
 - f) Drilling horizontal wells in the manner described herein can effectively and economically recover the natural gas resources within a 320.00 acre drilling unit;
 - g) The proposed exceptions to the General Oil and Gas Well Spacing Rules and General Oil and Gas Well Drilling Unit Size Rules will not result in a loss of resources within the New Albany Shale formation of the Affected Area. The variances will enhance recovery of the natural gas from the low permeability of the New Albany Shale formation.
4. Petitioner is ready and willing to supply the Commission or its representatives such further and additional information as may be pertinent or relative to consideration of the above described well spacing and unit size variances within the Affected Area, either at or prior to consideration of this Petition.
 5. Petitioner has not attached structure maps hereto, as structure has little impact upon the production of natural gas from the New Albany Shale. The quantity of natural gas recovered will depend instead upon the existing fracture patterns within the formation.
 6. Petitioner represents that to the best of its knowledge and belief it would be in the best interests of conservation and the preservation and utilization of petroleum resources to grant the exceptions requested in Sections 2 (a) and 2 (b) above.

EXHIBIT "A"
SCHEDULE OF LEASEHOLD INTERESTS
Sisal 1-18H Drilling Unit: The East Half of Section 18, Township 7 North, Range 8 West
Sullivan County, Indiana

Tract	Acres	Last Name	First Name	Address	City	State	Zip Code
Leased Acreage:							
001	99.500	Sisal	Darin and Nicole	2905 South County Road 350 East	Sullivan	Indiana	47882
001.001	20.000	Cox	Michael and Sarah	2444 South County Road 350 East	Sullivan	Indiana	47882
002	40.000	Rinehart	Joe and Frances	2249 South County Road 350 East	Sullivan	Indiana	47882
003	0.500	Talpas	Todd	8168 East Cemetery Road	Dugger	Indiana	47848
021.001	1.623	Dunfee	Sam	2503 South County Road 350 East	Sullivan	Indiana	47882
021.002	39.000	Self	Bruce and Lorene	1347 East County Road 500 South	Carlisle	Indiana	47838
021.003	38.377	Mize	Joseph and Rita	2091 East County Road 425 South	Carlisle	Indiana	47838
021.004	40.000	Mize	Joseph and Rita	2091 East County Road 425 South	Carlisle	Indiana	47838
024.001	40.000	Sisal	Darin and Nicole	2905 South County Road 350 East	Sullivan	Indiana	47882
025	1.000	Vest	Donald and Opal	Route 4, Box 1115	Linton	Indiana	47441
	320.000	Total Leased Acres					
	320.000	TOTAL ACRES IN DRILLING UNIT					

Exhibit "B"
East Half, Section 18, Township 7 North, Range 8 West
Sullivan County, Indiana



